

AO 91 (Rev. 08/09) Criminal Complaint

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UNITED STATES DISTRICT COURT

for the

Southern District of Texas

United States Courts
Southern District of Texas
FILED

NOV 19 2014

David J. Bradley, Clerk of Court

United States of America)

v.)

SANTIAGO WESLEY & KAREN GRAVES)

Case No.)

H14-1132MJ

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of 01/01/2013 - 11/18/2014 in the county of Harris in the
Southern District of Texas, the defendant(s) violated:

Code Section

Offense Description

18 U.S.C. Section 513(a)

Counterfeiting Securities

18 U.S.C. Section 1028A

Aggravated Identity Theft

18 U.S.C. Section 1349

Conspiracy to Commit Mail, Wire, and/or Bank Fraud

This criminal complaint is based on these facts:

See Attached Affidavit of U.S. Postal Inspector Matthew S. Boyden

☒ Continued on the attached sheet.

Complainant's signature

U.S. Postal Inspector Matthew S. Boyden

Printed name and title

Sworn to before me and signed in my presence.

Date: 11/19/2014

Judge's signature

City and state: Houston, Texas

Frances H. Stacy - U.S. Magistrate Judge

Printed name and title

Sealed

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AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

1. Affiant, United States Postal Inspector Matthew S. Boyden, has been employed by the U.S. Postal Inspection Service since January 2000. Affiant is currently assigned to the Major Fraud team in Houston, Texas. Prior to that, Affiant served as a lieutenant of police for a municipal police department in Texas. Affiant has served in the U.S. Air Force as a Law Enforcement Specialist and criminal investigator for the Air Force Office of Special Investigations. Affiant has received specialized training in numerous Postal crimes, but primarily those involving "identity theft" and mail fraud related offenses. Affiant has attended training in the areas of check fraud, credit card fraud, and identity takeover schemes. Affiant has investigated hundreds of cases involving fraud, identity theft, and related "white collar" types of offenses. Affiant is authorized to obtain and execute Federal Arrest and Search Warrants. This Affidavit is made in support of a criminal complaint filed against SANTIAGO WESLEY and KAREN GRAVES.
2. The information set forth in this Affidavit is based upon your Affiant's personal knowledge and/or information provided to Affiant by other law enforcement agents and officers, witnesses, bank investigators, and cooperating individuals Affiant believes to be reliable and credible.
3. Because this Affidavit is being submitted for the limited purpose of supporting a criminal complaint, Affiant has not included each and every fact concerning this investigation. Affiant has set forth only the facts believed to establish probable cause that SANTIAGO WESLEY (WESLEY) and KAREN GRAVES (GRAVES) have committed violations of federal law.
4. For the past several months, Affiant and other law enforcement officers have been investigating the criminal conduct of WESLEY, GRAVES, and others. WESLEY is obtaining stolen personal identity information from numerous different sources and accomplices. He uses the stolen identity information to create counterfeit identification documents, credit cards, and checks. WESLEY recruits accomplices (like GRAVES as explained below) who are willing to assume the stolen identities and use the counterfeit identification documents to obtain instant store credit and negotiate counterfeit business checks created by WESLEY. The individuals recruited by WESLEY to actually negotiate the counterfeit checks and apply for store credit are often called "runners" or "walkers". WESLEY controls all aspects of the criminal scheme. He creates the documents, directs the activities of the "runners", and controls the proceeds of the criminal scheme.
5. A criminal history check of WESLEY revealed a lengthy criminal history which includes arrests and/or convictions for Burglary, Forgery of a Financial Instrument, Unauthorized Use of a Motor Vehicle, Credit Card Abuse, Possession of Marijuana, Driving While License Suspended, Carrying a Prohibited Weapon, Fraudulent Use or Possession of Identifying Information, and Evading Arrest. A significant portion of WESLEY's criminal history is for the exact type of conduct outlined above. In addition to state charges, WESLEY was

indicted in 2001 in the Southern District of Texas for his involvement in a scheme to create counterfeit Texas licenses and the negotiation of counterfeit checks. In 2003 he was sentenced to 72 months incarceration. After his release from federal prison, he immediately began organizing and operating the same type of scheme.

6. Affiant has obtained and reviewed a Houston PD offense report from 2007 detailing an undercover operation involving WESLEY and a confidential informant. In that investigation WESLEY collected passport photographs from the CI and offered to make counterfeit driver's licenses and counterfeit checks. WESLEY was subsequently arrested and officers conducted searches at two locations associated with WESLEY. Stolen personal identity information was recovered from both locations and WESLEY was charged in state court. Even though WESLEY was on federal supervised release at the time, the State dismissed the case for unknown reasons.
7. Affiant has obtained and reviewed a Pearland PD offense report from 2012 detailing the arrest of WESLEY for cashing a counterfeit check using a counterfeit Texas DL at HEB. He was also charged with evading arrest for fleeing from officers at the time. At the time of his arrest WESLEY was found in possession of ten (10) additional counterfeit checks and three (3) counterfeit Texas licenses. WESLEY ultimately pled guilty to evading arrest.
8. In August 2014, Affiant debriefed a Confidential Informant (CI) in reference to fraud information occurring in and around Harris County, Texas. The CI stated that WESLEY manufactures counterfeit driver licenses, credit cards and checks with his own equipment, and also has access to credit reports and "TLO" database reports. WESLEY steals someone's identity (usually of a person with good credit), has a TLO report and a credit report run on that person, then makes credit cards and/or checks and a Texas driver license to match the name on the credit card/check, but displays a photograph of a "runner" or "walker" on the fake driver license.
9. The items in the victim's name are called a "package" which WESLEY sells for approximately one thousand dollars (\$1,000.00) each. WESLEY and/or the "runner" then go online and apply for lines of credit at retail stores such as Home Depot or jewelry stores using the stolen identity. The "runner" then purchases the expensive merchandise up to the amount of the maximum line of credit using the fake documentation. WESLEY then sells the fraudulently obtained merchandise for cash. WESLEY downloads his "packages" on a thumb drive or some other type of digital storage device. WESLEY told the CI he is also interested in committing tax return fraud, and plans to submit false tax returns on different groups of people next tax season.
10. Texas Department of Public Safety (DPS), Criminal Investigations Division Agent Leah Dalton told Affiant she ran a de-confliction through the Texas DPS Fusion Center revealing that the Austin (TX) Police Department (APD) ran a photo of WESLEY on 07-25-14 for

Fraud. Agent Dalton told Affiant that on 08-20-14, she spoke to APD Detective Matt Conley, who provided the following information:

11. KAREN GRAVES was arrested in Austin on 07-14-14 for Forgery and Tampering with a Government Record after attempting to purchase over ten thousand dollars (\$10,000.00) of restaurant equipment at Ace Mart Restaurant Supply with a fraudulent check and counterfeit driver license in the name of Valerie Anderson. GRAVES was driving a blue 2006 Nissan Titan pick-up displaying Texas temp tag 58M5906. Detective Conley learned that GRAVES had also passed additional counterfeit checks in the name of Valerie Anderson at the Ace Mart Restaurant Supply store in Houston totaling over fourteen thousand five hundred dollars (\$14,500.00). At the time of her arrest, she was in possession of over 100 counterfeit checks and numerous counterfeit licenses. Detective Conley interviewed GRAVES who stated she was recruited by WESLEY to cash the checks. He drove with her to Austin so she could purchase restaurant supplies and equipment he needed to renovate his restaurant on Ennis Street in Houston. She stated he created all the licenses and checks she possessed. She stated he got out of the truck just before she went to the restaurant supply location in Austin.
12. She also told Det. Conley that WESLEY has a girlfriend named DANIELLE MALVEAUX that he lives with in a house provided by MALVEAUX's family in Houston and that she also was the owner of the truck they were driving. GRAVES claimed WESLEY was more into "instant credit" schemes, where he uses information he has obtained through a "Lexus/Nexus" account. WESLEY sends co-conspirators such as GRAVES into large, high-end department stores to obtain fraudulent lines of credit. GRAVES said that WESLEY specializes in obtaining identifying information through the use of a Lexis Nexus account and then runs credit reports on the victims based upon information he obtains through Lexis Nexus.
13. WESLEY also prepares a "packet" that he sells to customers who use the identifying information to commit fraud. The customer will provide a passport photo to WESLEY and he will use that photo to create a counterfeit driver's license/identification card for the customer that has their photo, but contains the identifying information of the victim. WESLEY also has equipment that he uses to make counterfeit credit cards, including encoding and embossing equipment. WESLEY creates these counterfeit credit cards as well and will include one in the packet that is created for the customer. In total, the packet will contain a printed Lexis Nexus report, a printed credit report, a counterfeit driver's license, and a counterfeit credit card. GRAVES stated that WESLEY operates his operation from his home and motel rooms. According to GRAVES, WESLEY prefers to obtain "instant credit" accounts at department stores, such as Nordstroms and Lowes and other high-end retailers. The stolen items are then sold by WESLEY to make money and pay his "runners". GRAVES stated she has travelled extensively with WESLEY to commit fraud.
14. GRAVES said that for the two purchases at the Houston area Ace Marts, WESLEY was supposed to pay GRAVES two thousand dollars (\$2,000.00) which he (WESLEY) had not done yet. GRAVES said that she and WESLEY drove to Austin in WESLEY'S Nissan

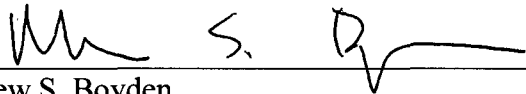
pickup and that they planned on getting a hotel room in town to set up shop. GRAVES said that WESLEY brought all of the equipment needed to make additional checks, credit cards, etc. Before getting a hotel room, WESLEY wanted to stop in at the Ace Mart in Austin for some more restaurant equipment. The plan was to then get a hotel room, set up shop, and then start hitting some of the high-end retailers such as Nordstrom's which is a favorite of WESLEY's (to open up credit accounts with stolen identities and make purchases with the credit from those accounts).

15. Detective Conley learned that the Nissan truck is owned by DANIELLE MALVEAUX and that MALVEAUX submitted a pay stub as part of the credit application for the truck that listed CREOLE SHACK ENTERTAINMENT, CREOLE BAR AND GRILL, 3811 Ennis Street, Houston, TX 77004. Agent Dalton told Affiant that she had previously learned from HPD Sergeant Headley that WESLEY owned the Creole restaurant. Affiant also learned that WESLEY retrieved the truck from the Austin PD pound. Affiant has obtained and reviewed call detail records for WESLEY's cell phone which confirm he was in Austin and at the Houston stores with GRAVES when she was committing fraud.
16. In addition to GRAVE's arrest in Austin, she was arrested by Guadalupe County SO in April 2014. She was charged with possession of a stolen trailer purchased in Houston with a counterfeit check and ID. At the time of her arrest, she was in possession of counterfeit checks and ID cards. GRAVES later stated all of these items were provided to her by WESLEY.
17. TeleCheck Services, Inc. is a check guarantee service that guarantees the payment on checks that are returned to various merchants (over 350,000 nationwide) including Wal-Mart, Sam's Club, Home Depot, Office Depot, Best Buy, Sears, K-Mart, JC Penney, and many more. When checks are returned from the bank, the merchants are made whole, thus creating a financial loss to TeleCheck. TeleCheck then becomes the victim in cases involving fraud or forgery. Telecheck investigator Toni Sirles told Affiant that she has researched checks negotiated through companies that utilize their services and identified over 100 checks valued in excess of \$350,000 associated with WESLEY and his "runners". Affiant has also spoken with Certegy, a company similar to Telecheck, and they have identified over \$100,000 of additional losses. Affiant and other law enforcement officers have contacted several of the people whose identity information was used and all report they did not authorize anyone to have or use their personal identity information.
18. KAREN GRAVES ultimately skipped bond on her charges and became a fugitive. On 10-09-14, Affiant arrested GRAVES at a local hotel in Houston. Affiant advised GRAVES of her Miranda warnings both orally and in writing. GRAVES provided the following information:
19. GRAVES met WESLEY in 2013 through a man who had served federal penitentiary time with WESLEY. WESLEY asked GRAVES about her knowledge of checks and credit cards

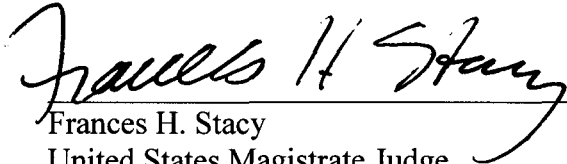
and they exchanged telephone numbers. Within hours, WESLEY called GRAVES to see if she was ready to work. WESLEY gave GRAVES a report containing stolen personal identity information and told her to study it. WESLEY took a photograph of GRAVES with a cell phone and said he was going to make GRAVES an identification card which he did. WESLEY wanted to get store credit using the identity on the PII report but also made some counterfeit checks just in case the store credit didn't work.

20. GRAVES provided extensive detail on her involvement with WESLEY. She stated they travelled around the United States cashing checks and obtaining store credit. She admitted buying a lot of restaurant supplies with checks at Ace Mart stores for a Creole or Cajun restaurant that he (WESLEY) was trying to reopen. GRAVES bought a mobile grease trap, sandwich preparer with refrigerator underneath, margarita machine, ice machine, stove, high-end juicer, stainless steel pots and pans, etc. GRAVES stated WESLEY told her these items were taken to his restaurant on Ennis Street in Houston, Texas.
21. After GRAVE's bonded out from her arrest in Austin, WESLEY wanted to continue to commit fraud but GRAVES was reluctant. She stated WESLEY gave her a driver license and credit card in the name of Anna Gruhlkey. WESLEY was always very protective of the driver licenses and credit cards and would never let GRAVES keep them after they were used. GRAVES got scared that WESLEY was going to come find GRAVES, so GRAVES hid the license and credit card behind a bathroom mirror in room #115 at the Econo Lodge on Hoover Street off of Hwy 290 and Bingle in Houston. Agent Dalton was able to go there and locate the counterfeit license and credit card.
22. Agent Dalton told Affiant that she has observed WESLEY and/or the Nissan truck registered to MALVEAUX at 3811 Ennis, Houston, TX 77004 during surveillance on several occasions. Agent Dalton provided Affiant with a document from the Harris County Clerk's Office, Assumed Name Records Certificate of Ownership for Unincorporated Business or Profession. DANIELLE ANASTAISA MALVEAUX registered The Creole Bar and Grill, 3811 Ennis St., Houston, TX 77004 on 11-20-13. Agent Dalton provided Affiant with documents that were obtained from the City of Houston Permitting Center, which show that SANTIAGO WESLEY was the contact person during several building inspections for construction at 3811 Ennis, Houston, TX 77004. Affiant believes that the stolen restaurant supplies are at this location and in use by WESLEY.
23. In September 2014, Affiant and other law enforcement officers observed WESLEY driving the same blue truck meet with a CI to obtain passport photos and PII provided by Affiant. WESLEY was observed taking possession of the items and agreeing to provide the CI with counterfeit licenses, checks, and credit cards. Surveillance was called off after extensive counter-surveillance measures by WESLEY. Many of the conversations leading up to that exchange were recorded by law enforcement. WESLEY never provided the documents.

24. Based upon the above, the undersigned believes there is probable cause to believe that SANTIAGO WESLEY and KAREN GRAVES have committed crimes in violation of Title 18, United States Code, Sections 513(a), 1028A, and 1349.


Matthew S. Boyden
United States Postal Inspector

Sworn and Subscribed to me this 19th day of November, 2014, and I find probable cause.


Frances H. Stacy
United States Magistrate Judge
Southern District of Texas